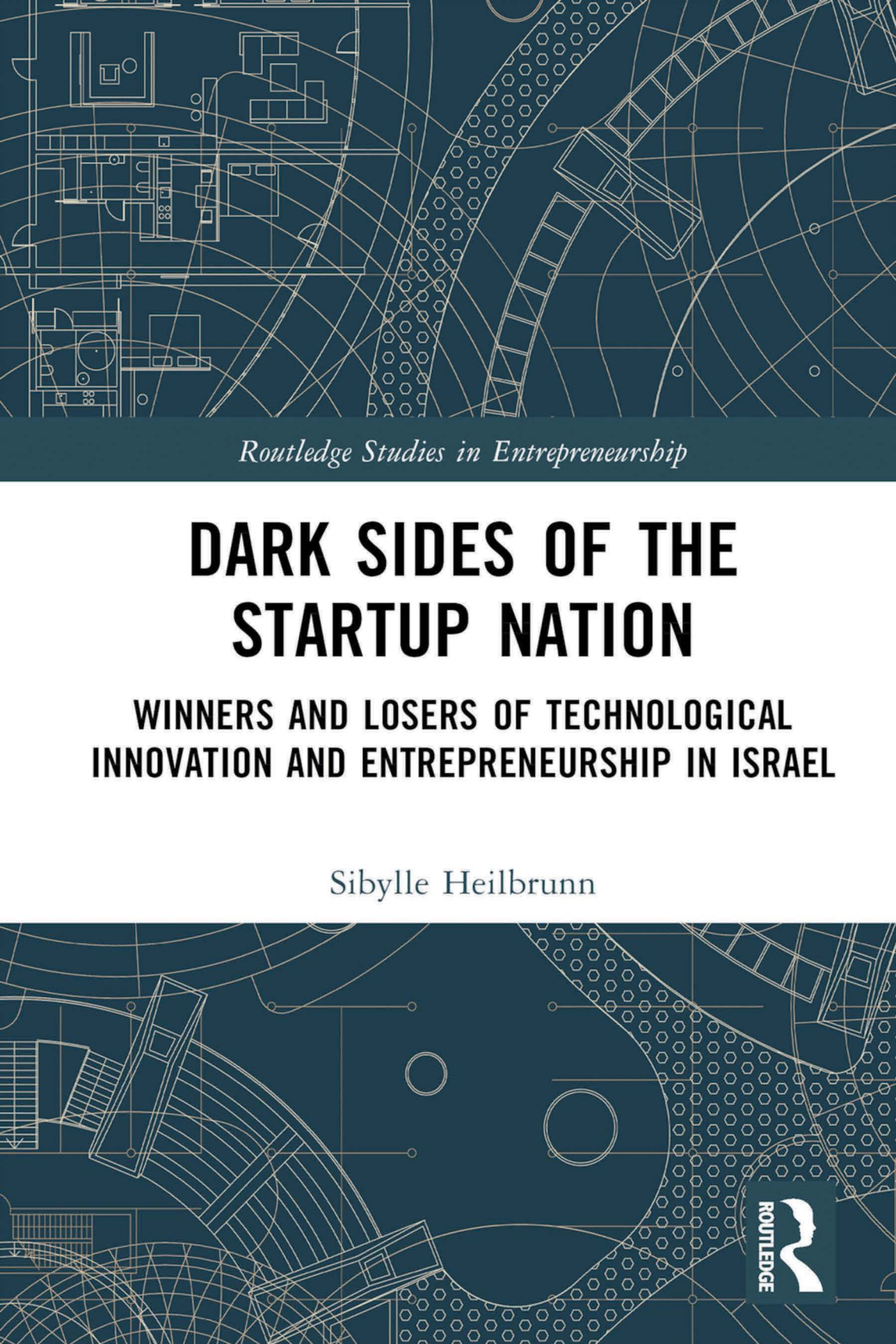




*Routledge Studies in Entrepreneurship*

# **DARK SIDES OF THE STARTUP NATION**

**WINNERS AND LOSERS OF TECHNOLOGICAL  
INNOVATION AND ENTREPRENEURSHIP IN ISRAEL**

Sibylle Heilbrunn



# Dark Sides of the Startup Nation

Israeli national neoliberalism has promoted innovation policies leading to an ostensible paradox: At the center is a startup nation with a vibrant and successful high-tech entrepreneurial ecosystem, accumulating resources and enabling constant growth. At the geographical and social periphery, there has emerged a parallel society with often-marginalized groups not able to keep up. In one of the most unequal countries with a high rate of poverty, entrepreneurial heroes are celebrated at the center, promoting a myth that all could be self-made successes. At the periphery, entrepreneurs are struggling to survive, often pushed into precarious working and living conditions.

Applying critical theory discourse, this book illustrates how neoliberalism and entrepreneurship are intertwined and how the startup nation has evolved in Israel. It explores how national neoliberal state policies have targeted technological innovation as a tool to obtain a competitive advantage in the international arena rather than aiming at increasing economic achievements and well-being for all. It will demonstrate that the Israeli entrepreneurship scene exemplifies the existence of parallel entrepreneurial societal spaces, analyze the positionality of entrepreneurs belonging to a variety of groups that characterize Israeli society, and uncover structural disadvantages and related levels of precarity as well as existing links between entrepreneurial advantages and disadvantages, mobility and varying degrees of social marginality.

*Dark Sides of the Startup Nation* sheds light onto the problematic and sometimes contradictory myth that entrepreneurship is meritocratic and that neoliberal capitalism provides everyone with equal opportunities to succeed. The book will be of interest to researchers, academics, policy makers and students in the fields of entrepreneurship and small business management, responsibility and business ethics, and technology and innovation.

**Sibylle Heilbrunn** is Full Professor of Organizational Sociology and Dean of the Faculty of Social Sciences and Humanities at Kinneret Academic College on the Sea of Galilee, Israel.

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**Sibylle Heilbrunn**

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# Foreword

In recent years, narratives depicting the growth of Israeli high-tech in terms of “economic miracle” have taken an increasingly important part in the public and academic debate. In most cases, the economic press and academic literature present the rise of high-tech as a success story and a source of national pride, and downplay the problematic aspects that result from the rapid enrichment of a very specific and small social group. When critical voices succeed in penetrating the wall of consensus, they make sure to maintain a cautious tone, and condition the spot criticism on a general recognition of the contribution of high-tech to the Israeli economy. Not that we are against the high-high – they make it clear again and again – high-tech is the “engine of growth” of the Israeli economy. In a nutshell we would just feel more comfortable if inequality would be a little less blatant, and that the rich be a little politer.

In this book I propose to discuss entrepreneurship and high-tech not only in “neutral” technological and economic terms that emphasize the transition from a traditional economy to a knowledge economy, but also in a way that emphasizes the connections between the rise of high-tech and the establishment of the neoliberal order and rising inequalities in Israel. In Israel, a communities’ geographical location profoundly affects the life of people in terms of socio-economic status, access to high quality high-school education and higher education, chances of labor market participation and quality of social services provided by municipalities. The center periphery divide – which deepened with the rise of the high-tech – configures intersecting geographic, ethnic/religious and national divides.

To my opinion, the overreliance of Israel’s national strategy on the startup nexus and the high-tech industry bares considerable risks for two main and overlapping reasons. The first concerns the lack of spillover of the achievements of the high-tech industry to the peripheries and the resulting inequalities and exclusion of entire groups of population. This reason is

discussed extensively in the book. The second reason, not discussed in the book<sup>1</sup> – concerns what has been called the recent decline of the Israeli advantage. At the TheMarker *Technovation* 2022 conference the CEO of the Israeli Innovation Authority cautioned that cities such as Paris, Berlin and Singapore are closing gaps versus Israeli high-tech and are increasingly competitive. In addition he related to the ongoing extremely high productivity and skill gap that exists in Israel in comparison to OECD countries.

What if the “engine of growth” will not provide growth anymore? Is the growth model still viable? Maybe, in order to face the existential future challenges, a change of discourse is needed, towards a political strategy targeting sustainability of Israeli society for all its population groups? And maybe not for Israel alone? I hope that this book will provoke such a change in the Israeli high-tech discourse.

1 I started to work on this book during the winter months of 2019 and gathered most of the data and background information during the year 2020. While writing the final draft I updated the data where possible, however, very recently some trends emerged in the Israeli high-tech industry that are not discussed in this first edition of the book. The Annual Innovation Report on the State of the High-Tech 2022 published by the Israel Innovation Authority presents these trends.

# Acknowledgments

Many people have been involved in the process of writing this book, some directly, some indirectly, and I think that everybody I met during the last two years knows about it. The idea of the book definitely has its roots at Kinneret Academic College, where I have been serving as dean for the last years. Observing the development of the high-tech startup nation from the northern periphery, made me think once and again about our students and their chances to be part and to take part. My students and their future in Israeli society motivated me to investigate the startup nation phenomenon from another, a bit more critical perspective.

I want to thank all those who accompanied me during the journey of writing the book. To my husband Alex who has always been standing at my side; to our daughter Jonit and her partner Shahar, who have given us two wonderful grandsons and have accepted and supported my choices; to Yaron who is always there to talk and who has become a wonderful and engaged young man.

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To my colleagues and friends at Kinneret College, thank you for your support and encouragement.

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Thank you!

# Introduction

On the 1st of December 2021, Tel Aviv was declared the most expensive city in the world. According to the latest findings of the Worldwide Cost of Living Survey of the Economist Intelligence Unit (EIU) (Economist Intelligence, 2021), Paris and Singapore were jointly second, followed by Zurich and Hong Kong. New York ranked sixth. Tel Aviv has risen five places since 2020, and in 2021 prices of goods and services are higher than in any other city globally. The cost-of-living survey compares prices of more than 200 products and services in 173 cities around the world, and companies use it frequently for evaluating relocation compensation. The report also reveals that cities everywhere are becoming more expensive, mainly due to rising inflation rates caused primarily by supply-chain disruption stemming from the Covid pandemic. Retailers have to deal with extremely high cargo costs and shortages because of impeded production, and they pass the costs on to consumers. The reasons for Tel Aviv's champion status in cost of living are mainly the strength of the shekel against the dollar and—like everywhere—an increase in prices in general and for transportation and grocery in particular (Shulman & Samet, 2021). During the last years, Tel Aviv has been booming, and therefore, for many experts, the champion rank is not a big surprise. Technological companies located at the center of Tel Aviv have continuously raised capital and gradually moved into office space, either renting or acquiring buildings. The wage level of high-tech employees have increased as a result the cost of living.<sup>1</sup> For some years now, rising costs in transportation, housing and everyday products have led to an affordability crisis and pushed people who are not employed in the high-tech sector out of the city (Squires, 2021). According to data from the Central Bureau of Statistics (CBS), an apartment in Tel Aviv costs about three times more than an equivalent apartment in Haifa and about 20% more than about three years ago (CBS, 2022). Peretz (2022) explains that insufficient supply of new housing projects, foreign investors' interest leading to increasing demand and government failure in releasing land to the market and approving construction plans are the main reasons for the unaffordability crisis. In addition, he maintains that the purchasing power of high-tech employees affects not only housing but also all other services, and the influx of foreign investors in local

investments strengthens the shekel and makes Israel even more expensive. Like Squires (2021) and Tversky (2021), Peretz (2022) predicts that Tel Aviv will become a city for the rich only and cites the city's major Ron Huldai:

The middle class needs to have access to the heart of the metropolis. In other words, a teacher, nurse or police officer, people an orderly society cannot do without, must be able to live in the city. Some senior cabinet members think that a teacher in a Tel Aviv school should live in Holon.<sup>2</sup>  
(Melnitcki, 2021)

Huldai refers to a possible scenario where people working in service professions such as education or healthcare in Tel Aviv will not be able to live in the city but will need to move to the periphery of the metropole. The sustainability of such a scenario is questionable and is one of the concerns of this book.

In 2009, Dan Senior and Saul Singer first published the book *Start-Up Nation: The Story of Israel's Economic Miracle* (Senor & Singer, 2011). Since then, Israel labeled itself and has been labeled as a startup nation. The Israeli startup nation is geographically concentrated in the most expensive city of the world. The major theme of this book concerns those who are not included in the startup scene of Tel Aviv, those who are left behind or often called “all the rest” by Israelis. They are the 80% of the population, some in the geographic periphery, some in the social periphery and some in both. In this book, I will try to highlight that Israel is not only about the startup nation. Israel is not only Tel Aviv, and it is not only high-tech. While the high-tech industry is an important driver of growth, it also drives inequalities. What are the implications of a reality in which a city is for the rich only? What does it mean for the others, those who cannot afford to live there? This book starts out elaborating on the subject of inequality since I believe that inequality is and will be a major challenge for Israel—for the startup nation and for “all the rest.”

In the following paragraph, I will briefly discuss inequality and its relevance for the remainder of this book.

### **Inequality**

Reducing inequalities is one of the 17 Sustainable Development Goals of the United Nations. These goals address 17 global challenges (such as poverty, climate change, environmental degradation, peace and justice); one of them is inequality (UN, 2022).

The 2020 World Social Report (UN, 2020) published by the UN Department of Economic and Social Affairs (DESA) shows that in most developed countries and some middle-income countries, income inequality has increased over the years. In the foreword to the report, UN chief António Guterres writes, “Income disparities and a lack of opportunities are creating

a vicious cycle of inequality, frustration and discontent across generations.” Not surprisingly, the data reveal that the richest 1% of the population are the big winners in the changing global economy, increasing their share of income between 1990 and 2015. Correspondingly, the bottom 40% of that population earned less than a quarter of the average income in the surveyed countries. The report points to a correlation between level of inequality and economic growth. In addition, unequal healthcare and educational services prevent mobility and perpetuate poverty over generations.

In 2019, the Nobel Prize in Economics was awarded to Abhijit Banerjee and Esther Duflo—both MIT professors—for their research aimed at exploring the most effective solutions to alleviate extreme poverty, stating a convincing case for an intelligent interventionism and a society built on compassion and respect. And lately, a number of famous authors have argued that income inequality is a major—if not the major—contemporary concern (Stiglitz, 2012, 2013; Piketty, 2014, 2020; Milanovic, 2016).

There seems to be a consensus that growing inequality is undesirable, with a variety of argumentations as to the why. Above and beyond the intrinsic ethical reasons, some researchers argue that it contributes to populism, protectionism and social stress in general (Alesina & Rodrik, 1994; Persson & Tabellini, 1991; Alesina et al., 2018; Aiyar & Ebeke, 2019). Examples of some Latin American countries in the past and some post-communist countries presently show that a highly unequal society tends to advance toward unstable political situations and often authoritarian regimes (Stiglitz, 2013). Furthermore, following Tridico (2018), inequality can and has led to economic instability and financial crisis, when the financial sector attempts to compensate for the lack of consumption and aggregate demand with credit availability and debt-led growth (Stockhammer, 2015). Moreover, as Inglehart and Norris (2016) explain in their book on “cultural backlash,” stagnant middle-class wages and limited job mobility provide convincing objectives for resentment toward “outsiders” whom they perceive as competing for jobs and benefits. This, so the authors argue, is particularly prevalent under conditions of growing social fragmentation and eroded traditional collective structures (Inglehart & Norris, 2016).

Thus, empirical and theoretical literature describes a trend showing that economic insecurity fosters and calls for authoritarian leadership, nativist political parties and an increasing demand for protectionism.

Although it is beyond the scope of this book to provide a detailed review of the reasons why inequality is a major concern, the academic literature and empirical data of the last decades allow us to assume that increasing and persistent inequality is intrinsically undesirable.

## **Inequality and Growth**

An additional issue to be discussed in the framework of this discourse is the relation between inequality and growth. Whether income inequality

impedes or fosters growth is widely disputed in the relevant literature (Kharlamova et al., 2018). Some argue that high incomes could increase growth at the same time as inequality, and others point to a decrease of overall productivity due to the fact that entire segments of people are excluded from the labor market (Stiglitz, 2013). Empirical data are inconclusive too. Some studies show a negative effect of inequality on growth (Ostry & Berg, 2011; Ostry et al., 2014; Cingano, 2014; Berg et al., 2018; Seo et al., 2020) while others did not find this effect (Forbes, 2000; Panizza, 2002; Kraay, 2015; Jianu et al., 2021). Furthermore, recent empirical research found that income inequality impacts growth positively in developed EU member states, whereas in developing EU member states, the influence of inequality on growth was found to be negative (Jianu et al., 2021). Inequality had a significant impact on economic growth when interacting with high levels of poverty. This negative impact increases as poverty increases (Breunig & Majeed, 2020). Finally, the type of economy also impacts the relationship between inequality and growth. More specifically, in wage-led economies, an increase in the wage share with a parallel decrease in the profit share increases economic activity and growth, whereas in a profit-led economy, the reverse effect can be found. Onaran and Galanis (2013) explain that in wage-led countries such as Germany, France and Italy, a decrease in wage share leads to lower growth, whereas in profit-led countries such as Canada, Australia, Israel and China, it stimulates growth.

Lastly, it is assumed that the level of equality of opportunity also impacts growth. For example, Aiyar and Ebeke (2019) hypothesize that there is a connection between the level of equality of opportunity and the impact of inequality on growth. More specifically, they maintain that in economies with low equality of opportunity, income inequality affects growth negatively, whereas in economies with higher equality of opportunity, increase in income inequality has a less harmful impact on growth. Generally, most studies maintain that income inequality is detrimental to economic growth, particularly if the population perceives it as unjust and insuperable (OECD, 2018; Mourao & Junqueira, 2021).

Following the UN report mentioned previously, four main global megatrends affect inequalities: technological innovation, climate change, urbanization and international migration. In this book, I will focus on technological innovation since it concerns those winning or losing from it. Most certainly, technological innovation can substantially improve education, communication, healthcare and productivity and thereby support economic growth. However, at the same time, it can also lead to increased wage inequality, harming the more vulnerable groups of workers. Notwithstanding potential negative outcomes, technological change and development is widely considered the “engine of growth.” The technological evolution is perceived as a main feature of the 21st century, as are the constant growth of financial capital and the stagnation of classical production (Andersson & Stone, 2017;

Zygmunt, 2017). The following part will discuss the relationship between technological innovation and inequality.

## **Technological Innovation and Inequality**

As early as 1957, Robert Solow (1957) linked the level of skilled labor in production technology to an increase in wage inequality. Since then, studies in a variety of fields dealt with the interconnection of technological innovation and increasing income inequality. The World Social Report of 2020 (UN, 2020) includes a chapter on the winners and losers of the technological revolution. The authors of the report state at the very beginning of the chapter, “For all its promise, technological innovation is already creating winners and losers. Highly skilled workers are benefitting more from new technologies than other workers, resulting in greater income and wage inequality” (UN, 2020, p. 59). Furthermore, they call for strategies and policies to ensure that opportunities to augment equality outperform the risks of technological innovation and change. Thus, there is an overall concern as to the consequences of technological innovation.

Piketty’s argumentation points to the skill-based explanation as an important aspect for the account of rising inequality and the role of technological innovation. The “race between the demand and the supply for high skills” in the knowledge-based economy is constantly increasing the income gaps. Salaries of what Piketty calls “super managers” therefore hit unseen levels, and this adds to an ever-growing concentration of wealth. He believes that technological progress will lead to “the triumph of human capital over financial capital and real estate, capable managers over fat cat stockholders, and skill over nepotism” as largely illusory (Piketty, 2014, p. 29). In a similar vein, Brynjolfsson and colleagues (2014) believe that technological innovation is a main driver of increasing inequality, with a growing number of workers left behind. In parallel, he upholds that robots and automation eradicate routine jobs but can also enhance the creation of new and better jobs. Like Piketty, Brynjolfsson believes that the main cause for increasing inequality is not technological innovation in itself. The cause for increasing inequality lies rather in the fact that in technology-driven economies and small groups of successful people who evolve are extremely highly awarded. Therefore, the winners of the knowledge economy are not the owners of conventional capital but the owners of innovative ideas and successful business models. In an article called “New World Order” published in *Foreign Affairs*, Brynjolfsson, McAfee and Michael Spence (Brynjolfsson et al., 2014), a Nobel laureate and professor at New York University, argued that “superstar-based technical change . . . is upending the global economy.” That economy, they conclude, will increasingly be dominated by members of the small elite that “innovate and create” (Brynjolfsson et al., 2014, p. 49). Whereas both Piketty and Brynjolfsson perceive growing inequality as a problem, they disagree about the cause. Piketty worries about inherited

wealth leaving people without opportunity for mobility, and Brynjolfsson is concerned with the unequal distribution of the outcomes of the technologically driven and innovative economy. It is beyond the scope of this chapter to further discuss the differences and implications of the approaches of Piketty and Brynjolfsson. In the framework of the argumentation of this book, the point of importance is that rising inequality has potentially negative social and political consequences, and the causes of rising inequality are various. Throughout history, those who innovated and created new ideas progressed more than others. The progress and growth of present technological innovation is much more exponential than in the past, and it is globally scalable; therefore, it seems to perpetuate inequality on national and international levels. Distinguishing between two types of technology can contribute to further clarification—skill-based technology and labor-saving technology. Skill-based technologies increase productivity and the demand for highly skilled workers. More specifically, new technologies lead to higher productivity, but only few workers have the necessary skills to use these technologies. Therefore, employers are prepared to raise the wages of the skilled workforce, who are complements with the new technology (Machin, 2001). Labor-saving technical change in the form of automation is another reason for growing income inequality. Technological progress is displacing unskilled labor in favor of capital and skilled labor and is therefore lowering the share of labor overall and, within that, the share of unskilled labor (Graetz, 2015). Thus, labor-saving technologies reduce the need for labor. Skill-based technologies influence the composition of the labor force as well as the income distribution. Labor-saving technologies are a major driver of the declining income share of workers. In developed countries, technological innovation have also caused a shift from labor to capital in production, thereby reducing the share of workers in national economies (Autor et al., 2017). In parallel, the emergence of a rather small number of dominant firms such as Google, Apple, Amazon and Facebook have increased market concentration and decreased the labor share. Overall and as a result of the previously briefly described trends, highly skilled workers have benefitted most from technological innovations (Mirza et al., 2019).

## **Silicon Valley**

The scenario that often serves to exemplify these developments is Silicon Valley in California. In Silicon Valley, less than a quarter of the inhabitants work in the lucrative high-tech ecosystem where wealth is highly concentrated. As a result, the so-called “spillover effect” is increasing the costs of living (housing, transportation, etc.), with growing demand for employees in retail, hospitality and what was once called blue-collar jobs, a sector in which wages are declining. At the same time, middle class households are being replaced with low- and upper-income households, thus reflecting a polarization of populations along geographic locations overlapping

with socioeconomic status. The growth generated in Silicon Valley by the high-tech industry has primarily benefited the wealthiest households. Thus, Silicon Valley illustrates the winner and loser scenario of technological innovation well, and a report funded partly with the support of the Silicon Valley Community Foundation concludes that “the compounded effects of widening inequality, declining mobility, and declining prosperity threaten the economic well-being of individual families, the economic prospects of future generations, and longer-term economic growth” (Reidenbach, 2016, p. 3).

Recently, Ephraim Malkin, Deputy Head of Wages and Labor at the Israeli Finance Ministry, compared Tel Aviv to Silicon Valley (Tversky, 2021), where service workers cannot afford to live anymore. Indeed, as I will show in detail in Chapter 4 of this book, Tel Aviv exemplifies wealth accumulation and social disparities as good as Silicon Valley.

Finally, yet importantly, I would like to point to a number of strategy and policy suggestions aimed to address the potentially problematic consequences of recent technological progress. In developed countries, the discourse about these strategies and policies is based on the assumption that inequality will rise in the absence of government interventions. Moreover, Piketty (2014) predicts that either government intervention or catastrophic events such as world wars or depressions can impede rising inequality.

Suggested strategies and policies to deal with inequality include an inclusive progressive educational system promoting relevant lifelong learning for all. Importantly, research shows that differential levels of achievement are often determined before children enter kindergarten and are closely related to the socioeconomic status of parents. The World Social Report 2020 of the United Nations (UN, 2020) suggests, in addition to education, expanding social protection systems and adapting them to contemporary labor market features such as nonstandard employment modes. At the same time, infrastructures need to be improved in order to enable connectivity, especially for historically marginalized groups. Redistribution by progressive tax, including global wealth tax, has been suggested by Piketty et al. (2018), and creative solutions to share technological innovations more broadly could be achieved via public investment in R & D, state funds to attain stakes in technological innovation and commercialization, tax incentives, and prioritizing of job creating technologies. At least, in the public discourse, there seems to be a consensus that innovative technologies themselves should be accessible to everyone.

## **Back to Tel Aviv**

This book is about the winners and losers of technological advancement in Israel. Following the World Inequality Report, Israel ranks extremely high in inequality, and this trend has been going on for years. Therefore, the gap between the richest and the poorest is constantly growing. In Israel, there are many losers of technological innovation.

The winners personify the startup nation, but they are few. The startup nation has been called an economic miracle and enabled Israel to join the OECD in 2010. Chapter 2 of this book describes and analyzes the process of Israel's path to becoming the startup nation. However, the impressive growth in the high-tech industry has led to a dual economy, with about 10% high-tech employees and a community of high-tech entrepreneurs at the center. There was no spillover to the second Israeli economy, where wages and productivity are stagnating or declining (Breznitz, 2021). In fact, a research project of the researcher Moran Ofir examining the socioeconomic consequences of companies going IPO (initial public offering—entering the stock market) in the USA found that within three kilometers from the area where the headquarters of the issuing companies are located, spillover effects did occur (Heruti-Sover, 2021). There was increasing demand for employees, new businesses and increased use of credit cards—apparently positive spillover effects, within a radius of three kilometers though. In addition, one or two years after the IPO, residential real estate prices increased, as well as the demand for commercial real estate. She maintains that the headquarters of the companies that issue IPOs became so expensive until they caused a population turnover, pushing local populations out. These processes are already taking place in Tel Aviv, reinforcing polarization and the dual economy.

In Israel, the achievements of the high-tech ecosystem are nationally celebrated and internationally acknowledged, with the darker sides seldom in the limelight. In Israel, it was national strategy that led to technological innovation, but there is no national strategy dealing with inequality and its results. The startup nation—a small group of high-tech employees and entrepreneurs—has happily adopted the entrepreneurial imperative and the neoliberal rationality shifting the responsibility for success and failure to the individual, legitimizing emerging inequalities.

Trapped in the myth of meritocracy, the public discourse in Israel has little moral concern for inequalities. In fact, contemporary Israeli society is characterized by lack of social solidarity, worship of personal success and selfish priorities (Tamir, 2019).

Israel is very much “the high-tech and all the rest,” and it is this feature I chose to focus on in this book. Generally, the first part of the book deals with the question of how the high-tech industry in Israel has been initiated and developed and finally became so dominant, influential, impactful and successful. In this part of the book, I discuss the knowledge economy and entrepreneurship in Chapter 1, followed by a discourse on national neoliberalism and the Israeli startup nation in Chapter 2. These two chapters set the stage and present the more macropolitical outline. In Chapter 3, the center-periphery divide is discussed theoretically, and data are presented for the Israeli case. Chapter 4 introduces the Israeli startup ecosystem in Tel Aviv. This startup ecosystem includes high-tech employees and entrepreneurs, a very homogenous and small group of people, a rather closed circle,

almost inaccessible for “the rest.” The second part of the book focuses on “the rest” in an attempt to exemplify the positions of high-tech entrepreneurs from a variety of population groups. Some of these populations are part of the second economy, although they make up a substantial part of the Israeli population.

Chapter 5 presents the theoretical and conceptual framework of social positionality, which I used to describe and analyze technological entrepreneurship in social and geographical peripheries of the country. Chapters 6 through 11 concern technological entrepreneurs of the Ethiopian community (Chapter 6), Kibbutz members (Chapter 7), immigrants from the Former Soviet Union (Chapter 8), women in high tech (Chapter 9), the ultra-Orthodox (Chapter 10) and finally, the Arab-Palestinian Israelis (Chapter 11).

Chapter 12 includes the comparative analysis of the various groups as to their social positionality and attempts to identify level, causes and consequences of exclusion from the high-tech industry. For each group, the interconnectedness of entrepreneurial agency within their respective contexts in terms of cultures and structures of particular communities is analyzed, thereby uncovering structural disadvantages and related levels of precarity as well as existing links between entrepreneurial advantages and disadvantages, mobility and varying degrees of social marginality. Importantly, I attempt to challenge the existing conceptualization of the heroic male entrepreneurship belonging to the dominant elite and highlight the personal experiences of the “other” entrepreneurs. This book attempts to caution the tendency to forget about the losers.

Finally, during the months of writing this book, I interviewed a number of experts from the industry, politics, academia and media. Their insights, opinions and thoughts about the causes for lack of spillover of the achievements of the Israeli high-tech ecosystems to the social and geographic periphery are presented throughout the book and in the concluding chapter, in which I attempt to outline future developments.

I would like to close this introduction with a quote from Piketty’s *Capital in the Twenty First Century*: “Every human society must justify its inequalities: unless reasons for them are found, the whole political and social edifice stands in danger of collapse.”

## Notes

1. For a detailed description of these trends, see chapter 4.
2. A city at the southern outskirts of Tel Aviv

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